

Transportation and Energy — to formulate a U.S. trade policy that will have a direct, positive impact on U.S. services firms.

Industry Sector Advisory Committees:

The Office of Service Industries also manages two Industry Sector Advisory Committees, or ISACs, one dedicated to wholesaling and retailing (ISAC 17), the other to services industries (ISAC 13). ISACs play a critical role in the policy process, meeting regularly to receive briefings from U.S. government agencies about trade negotiations; reviewing U.S. policy proposals and the proposals of other governments; recommending specific actions and providing general directions from a private sector perspective. Members of the ISACs are representatives of companies and industry trade associations.

U.S. and Foreign Commercial Service:

The Commercial Service, which is present in virtually every state through the network of U.S. Export Assistance Centers, and in more than 80 countries around the globe, has formed a Services Team that is actively assisting U.S. services firms, particularly small and medium-sized firms, in their export efforts. Through specialized training programs, the Services Team trade specialists in the Export Assistance Centers are able to assist service sector companies right in their own backyards and address their special marketing and export assistance needs.

Trade Promotion Coordinating Committee:

More broadly, the federal government, through the Trade Promotion Coordinating Committee — an interagency committee with

representatives from 19 federal agencies — develops a commercial strategy for services that builds upon the activities and programs of the Commerce Department's Office of Service Industries and the U.S. and Foreign Commercial Service and other Commerce programs to ensure that services companies are able to benefit from the full range of federal export assistance.

Making government — and the international agreements that it is a party to — work to fulfill the commercial goals of the private sector takes considerable effort. Through partnership efforts, a U.S. trade policy in services can be developed that looks not only at what is needed for the economy of today but also prepares for the economy of the future.

GOING GLOBAL WITH SERVICE EXPORTS

A GUIDE TO AVAILABLE SUPPORT

by Tony Michalski,

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Given the importance of the service sector to our domestic economy and to our balance of trade, the U.S. Department of Commerce has been leading the efforts of the federal government to ensure that companies in these sectors have everything available in order to export successfully.

MARKETING SERVICE EXPORTS

Three main differences distinguish the marketing of services from the

marketing of products:

- Services are intangible,
- Services cannot be kept as inventory, and
- Services are usually case-specific and have a high degree of human involvement.

For example, the intangibility of services poses a difficult marketing barrier that companies must overcome in order to win the confidence of the buyer. With a product, a buyer can make an objective decision as to whether or not to purchase a product based upon touch, sight, taste, sound,

smell, etc. A service cannot be evaluated on these factors and therefore lends a bit of risk for the buyer, as they have to have faith in the services that a company can provide. Therefore, the purchasing decision is usually based on what the company has told them and, if possible, what they have heard about the firm through referrals.

One way to overcome this barrier is for a firm to make the service as tangible as possible. Some ways a company can do this is by producing a high-quality website and promotional literature, increasing its presence in a market by speaking at conferences and having an in-market office or representative.

The fact that services cannot be stored as inventory and are usually provided on an as-needed basis poses marketing and logistical issues for companies in terms of being able to offer their service when needed by the buyer. Increasing a company's output of services is not as easy as that for products and therefore a service provider must take this into account when negotiating and scheduling contracts with buyers. To overcome this barrier, successful service companies tend to schedule things as far in advance as possible to make sure that there is little down time and ensure sufficient resources are available to fulfill the request.

The high-degree of human involvement and general case-specificity of services causes additional marketing issues for companies. These two factors cause services to be unique from one another and limit the amount of standardization and quality control that can be achieved. Successful service companies have very strict standards as a means of overcoming the quality control issues. In addition to differences in the marketing of services, there are differences in the modes of delivery of which service companies must be aware.

DELIVERY OF SERVICES

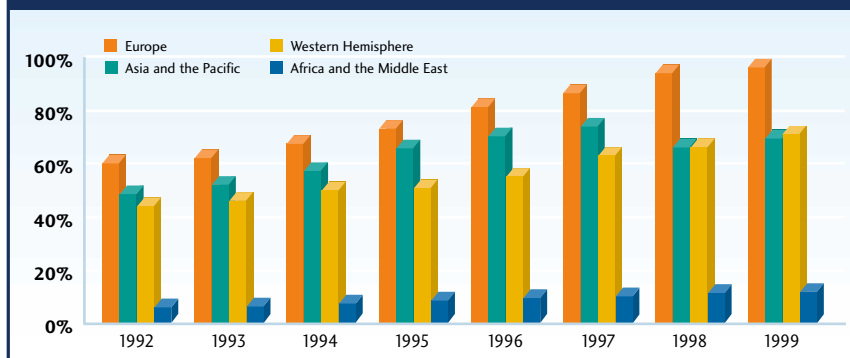
Services are generally exported through four distinct modes, including:

Cross-border, which occurs when neither the producer nor consumer physically move, but rather, the services are provided through a common channel such as the Internet. Typical cross-border supply services include education and training (i.e. distance learning) and professional services such as accounting.

Consumption abroad takes place when the consumer/buyer is in the supplier's country. A common form of this mode of delivery is tourism.

Commercial presence occurs when the supplier establishes a local office in the country where the service is to be pro-

U.S. COMMERCIAL SERVICES EXPORTS



Source: International Trade Administration, Office of Service Industries, based on Bureau of Economic Analysis estimates.

vided. Common forms include financial and consulting services.

Movement of personnel consists of staff of the service company moving to the country where the service export is provided. Temporary ventures, such as engineering or construction projects are examples of this type of service delivery. Employees of the U.S. firm travel to and provide contracted services for the duration of the project.

U.S. companies that wish to export their services must identify the mode that can be used to deliver their services. This will help determine the appropriate marketing approach that should be taken in order to obtain work in an international market.

THE PROCESS OF GOING GLOBAL

Service providers who export require different support mechanisms than merchandise exporters. The U.S. Department of Commerce, in coordination with the 19 agencies comprising the Trade Promotion Coordination Committee (TPCC), provides exporters with the support for nearly all stages of the export process.

THE SERVICES TEAM

In recognizing the importance of supporting U.S. service companies, ITA has created a team of trade specialists whose primary function is to educate, support and promote these firms abroad. Team members represent different geographic regions and industry

expertise and they share best practices with other members. The Services Team has also developed close ties with local and regional outreach groups, such as the Miami Chamber of Commerce and state development agencies, to collaborate in achieving their goals.

The team is subdivided into four sub-teams:

- Training, consulting and education
- Architecture, construction, engineering and design
- Franchising
- Travel and tourism

The goals of each team are to provide the same level of support to service exporters that are provided to merchandise exporters, recognizing that the needs of each of these sectors are very different. Some of the basics of promoting exports, such as evaluating export potential, creating valuable market research, formulating and implementing an entry strategy and using or modifying current promotion products to maximize results require creative and flexible solutions from ITA.

In establishing the goals and solutions for service exporters, each of the services sub sector teams conducted focus groups with clients to gain insight into the demands and requirements of the respective industries. Ongoing

feedback is collected from clients regarding the focus and effectiveness of the current market research. This feedback has been helpful in communicating to overseas posts how modifications can be made to create more effective market research.

DOMESTIC OFFICES OF THE COMMERCIAL SERVICE

The proliferation of the Services Team and the growing number of services exporters means that it is likely that there is a member in your area. Even so, the network of domestic Export Assistance Centers is closely coordinated with the Services Team. Each office is staffed with trained trade specialists who can provide counseling to local U.S. businesses and coordinate export promotion campaigns. To contact your local office, consult the back cover of Export

America, visit www.usatrade.gov or call (800) USA-TRAD(E).

INTERNATIONAL OFFICES

The Commercial Service also has a network of commercial officers around the globe who work to help U.S. companies find and complete export transactions. These officers produce market research reports identifying opportunities as well as coordinate trade promotion events and provide individualized services. Some of these services, such as the Platinum Key Service and Flexible Market Research, can be extremely beneficial to service firms breaking into or expanding their presence in international markets. International office information is available through www.usatrade.gov

THE TRADE INFORMATION CENTER

The Trade Information Center (TIC) is a comprehensive resource for information on all U.S. Federal Government export assistance programs. TIC staff provide basic "how-to-export" counseling; state, federal and international program referrals; regulatory requirements, market research, export financing advice, tariff information and country counseling.

U.S. service exports are rapidly gaining exposure and assistance that they rightly deserve. As mentioned earlier, U.S. exports of services are forecast to reach nearly \$400 billion in 2004 and local, state and federal resources are available to provide the necessary assistance and training for service firms of all sizes to participate in this growth.

INTERNATIONAL EDUCATION AND TRAINING SERVICES

A GLOBAL MARKET OF OPPORTUNITY FOR U.S. PROVIDERS

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New information technologies, the globalization of the economy and an unprecedented demand for education and training has transformed the global market for education and training. Generally speaking, the concept of and drive for lifelong learning have changed the perception of the level of education needed to reach personal and professional goals.

The realization that education is linked to standard of living and is key to economic competitiveness has occurred at all levels, including national, state, regional, corporate and individual.

Together, these forces have combined to create a booming global market for higher education and training. The sector is experiencing unprecedented expansion and diversification both in terms of the number and variety of higher education and training providers as well as the array of services they offer. In fact, higher education is

coming to be seen increasingly not only as a national public service, but also as an international commodity. In the United States, the education and training sector earned close to \$10 billion in 1999 and ranked 5th in terms of services export revenue.

THE SECTOR

For the purposes of this article, the education and training sector includes services defined at the level of postsecondary education as experienced in the United States. Postsecondary education